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DEPARTMENT FOR DAVID MCFARLAND, WHA/CCA AND FOR NICOLE
OTALLAH, EUR/ERA

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TAGS: [ETRD](#) [ETTC](#) [PREL](#) [SP](#) [CU](#)
SUBJECT: SPAIN/CUBA: TITLE III OF LIBERTAD ACT

REF: A. STATE 52541
[1](#)B. 2007 MADRID 2188
[1](#)C. MADRID 567

Classified By: Acting Deputy Chief of Mission Josie Shumake, for reasons 1.4 (b) and (d).

[1](#)1. (U) The information in this message is keyed to questions posed in reftel A, paragraph 5 and updates information reported in reftel B.

[1](#)2. (C) Has the host country, in Post's opinion, worked to promote the advancement of democracy and human rights in Cuba? Spain hosted a highly publicized Human Rights Dialogue Mechanism with Cuba on February 11. MFA Political Director Rafael Dezcallar told us the GOS had presented a list of 20-30 prisoners of conscience, including Oscar Biscet, to the Cuban Government. Though no public linkage was made, Cuba subsequently released four political prisoners and allowed them to travel to Spain, where they arrived February 17, in search of medical treatment. Spanish Secretary of State for Latin American Affairs Trinidad Jimenez personally assured the new February arrivals and their families the support of her government. The GOS is currently considering the application of one prisoner, Jose Gabriel Ramon Castillo, for political asylum in Spain. The other three dissidents, Alejandro Gonzalez Raga, Pedro Pablo Alvarez and Omar Pernet accepted the residency permit offered by Spanish authorities. Pedro Pablo Alvarez Ramos was authorized Spanish residency May 9, and the MFA is working with the Spanish consulate in Miami to bring five of his family members to Spain, where they reportedly have offers of employment in Barcelona.

[1](#)3. (C) In the wake of the human rights talks, Spanish officials have suggested changes on the island were attributable in part to the renewed dialogue. The GOS has subsequently attempted to convince EU partners, including during the May 16 EU-Latin American Summit in Lima, that the Spanish-Cuban dialogue has achieved results that merit lifting the (currently suspended) restrictive measures imposed by the EU against Cuba in 2003. Spanish officials told Cuba Transition Coordinator Caleb McCarry in April that Spain was reluctant to put too much pressure on the government of Raul Castro, and said Spain viewed modifications announced by Cuba as openings to democratic change. A Spanish diplomat reiterated to Cuban dissidents gathered at the Deputy Chief of Mission's residence May 21 (ref C) the GOS view that Cuba has improved significantly since 2003, hinting at the position Spain is expected to take at June EU discussions to review the common position.

COMMENT: Post and CTC McCarry have stressed to the Spanish that the elimination of the common position could legitimize Raul's rule. The EU could use the overall debate, with Spain's leadership, to press Cuba to take new action on human rights. Though we are skeptical of what an EU-GOC human rights dialogue would achieve if they do drop the measures, the Spanish claim it would achieve new movement from the Cubans. END COMMENT.

14. (C) Has the host country made other public statements or undertaken other governmental actions . . . or actions in support of civil society in Cuba through host country's diplomatic missions or other fora? The Spanish Government has viewed the February transfer of powers from Fidel to Raul Castro as generally positive. Nonetheless, then-Secretary of State for Foreign Affairs Bernardino Leon stated February 27 that the GOS "does not defend a transition within the current Cuban regime." Also in February, Spain denied on technical grounds the asylum request of a Cuban diplomat defector, Lorenzo Menndez, who arrived in Spain from France in December 2007. Spanish officials and former President Aznar met in early March with Elsa Morejon, the wife of Presidential Medal of Freedom winner Oscar Biscet. Media reported in association with the March 19 commemoration of Cuba's Black Spring that Spanish President Zapatero had sent a letter (dated January 28) to Laura Pollan (wife of Hector Maseda) saying Spain would continue to do all it could to win the freedom of political prisoners. Zapatero also expressed admiration for the work of the Damas en Blanco and recognized their "dignity and courage." The Damas who led the annual march from the gates of Madrid,s Royal Palace to a commemorative mass in the adjacent Cathedral of the Almudena on March 18 read aloud President Zapatero,s letter along with President Bush,s statement.

15. (U) Foreign Minister Moratinos, who visited Havana in April 2007, included Cuba as part of Spain's foreign policy agenda for the current Congress when he appeared May 22 before the body's Foreign Affairs Commission. In seeking consensus with opposition parties on the agenda for debate, Moratinos spoke in support of an open process of reform on the island through "mutual respect" and "constructive dialogue."

16. (C) Have there been any high-level diplomatic visits between Cuba and the host country in the past six months? There have been no high-level visits with the exception of the aforementioned human rights talks. Ricardo Guerrero Blanco, Cuban Vice Minister for Foreign Investment, met the week of May 12 with Canary Islands businessmen who attended a meeting in Santa Cruz de Tenerife to explore investment opportunities in Cuba. Guerrero said the Cuban Government viewed Canaries investment positively and offered Spanish businessmen the opportunity to invest in hotel projects in the regions of Camaguey and Ciego de Avila, as well as to build golf courses and other leisure facilities, according to press reports.

17. (C) What is the nature of investments (and names, if known) that host country businesses have in Cuba? Information on Spanish foreign investment in Cuba is limited, in part because Spanish companies avoid publishing such data. Spain's Ministry of Economy and Finance reports that during the 1995-2007 period, Spanish investment in Cuba amounted to roughly euros 4.7 billion (6 billion dollars). The ministry reports that in 2007, Spanish companies invested euros 4 million. The biggest Spanish investments are in the tobacco and tourism sectors. Nine of the twelve foreign companies that invest in the tourism sector in Cuba are Spanish. There follow below names of Spanish companies active in Cuba listed by sector:
Tourism: Globalia Hoteles, Sol Melia, NH Hoteles, Marsans, Iberostar Group, Barcelo, Occidental, and RIU.
Financial Sector: BBVA, Banco Sabadell, Caja de Ahorros del Mediterraneo, and Caja Madrid. (These institutions have small representative offices that presumably do mostly trade finance.)
Energy and other utilities: Repsol YPF, Aguas de Barcelona, Endesa, and Iberdrola
Tobacco: Altadis
Airlines: Iberia
Dairy: Penasanta, S.A.

Note: In terms of actual money invested, the overwhelming majority comes from the tourism companies and the tobacco firm, Altadis. Repsol does some exploration work in Cuba,

and the other companies mentioned have representative offices. On May 18, 2008, left-of-center daily El Pais reported that the Securities and Exchange Commission (SEC) had sent Repsol a letter asking the company about its investments in Cuba. Repsol reportedly responded that since 2000, it has had permission to drill for oil in seven blocks situated in Cuban waters, but that so far, it had not found any oil.

¶8. (U) In April, the government of Cuba reportedly approached Spain about the possibility of restructuring the repayment of its debt, if the GOS would reinstitute export credits to Spanish companies to invest in sectors of the Cuban economy such as real estate development, road construction, and port modernization. Cuba's debt to Spain totals 460 million euros, plus an additional 400 millions euros being negotiated in the Paris Club and a final 300 million euros of interest, according to the media.

¶9. (C) Are there any bilateral trade agreements between host country and Cuba? Although not necessarily strictly "trade" treaties, the following agreements may be of interest:

Agreement between the Kingdom of Spain and the Republic of Cuba on Air Transportation, signed in Havana, April 22, 2005. See Boletin Oficial de Espana (BOE - Spain's equivalent of the Federal Register), 06/09/2006 - Section 1.

Agreement between the Kingdom of Spain and the Republic of Cuba on Mutual Customs Assistance, signed in Havana, August 8, 2001. See BOE 17/03/2003 - Section 1.

Agreement between the Kingdom of Spain and the Republic of Cuba on the Promotion and Protection of Investment, signed in Havana on May 27, 1994. See BOE 06/10/2000 - Section 1.

Complementary Agreement on Tourism, signed in Havana on September 10, 1978. See BOE 02/03/1987 - Section 1.

Agreement between the Republic of Cuba and the Kingdom of Spain, signed in Madrid on October 3, 1985. See BOE 13/02/1986.

Note: Spain exported euros 668 million worth of goods and services to Cuba in 2007, up from euros 629 million in 2006. Spain imported good and services from Cuba worth euros 143 million in 2007, only about three million more than in 2006. Spain exports mostly mechanical and electrical equipment, appliances, hotel equipment, construction equipment, automotive spare parts, chemicals and foodstuffs. Spain imports mostly tobacco, liquor and fresh fish from Cuba. The strong Spanish export performance in Cuba is somewhat surprising as Spain's official export credit agency (CESCE) does not guarantee export credits to Cuba. During 2007, there were discussions about resuming export credit guarantees, but that would first require a debt agreement between Spain and Cuba. Thus far, Post is not aware such an agreement has been reached. However, on September 29, 2007 the Spanish government did announce it would resume foreign assistance to Cuba. There is an active Hispano-Cuban Business Committee that promotes trade between the two countries.

¶10. (C) Are there any exchange programs between host country and Cuba? Post is not aware of any such exchange programs. Aguirre